

Message Text

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E.O. 11652: N/A

TAGS: ECRE, BGEN, TC

SUBJ: ABU DHABI LOW-COST HOUSING SCHEME FALLS THROUGH AGAIN

REF: ABU DHABI 1721 DTD 7/12/74 (NOTAL)

SUMMARY: LONG-DELAYED, ILL-FATED PROJECT FOR CONSTRUCTION OF THREE THOUSAND LOW-COST, PREFABRICATED HOUSES THROUGHOUT THE UAE HAS RECEIVED STILL ANOTHER SETBACK. THE SIGNED CONTRACT WITH A GERMAN-LEBANESE CONSORTIUM HAS BEEN CANCELLED, CONSULTANTS HAVE BEEN TAKEN OFF THE JOB, AND LOCAL POLITICIANS AND BUSINESSMEN ARE PREPARING FOR ANOTHER ROUND OF CONFLICT. END SUMMARY.

1. ABU DHABI GOVERNMENT, UPON RECOMMENDATION OF CONSULTANTS FROM BECHTEL CORP., SIGNED CONTRACT (WORTH ABOUT DH. 255 MILLION) WITH JANA BAU COMPANY OF GERMANY IN MARCH 1975 FOR CONSTRUCTION OF LOW-COST, PREFABRICATED HOUSES TO BE BUILT AND LOCATED AS DESCRIBED REFTEL.

2. AWARD THIS CONTRACT FOLLOWED LONG AND BITTER BATTLE BETWEEN ABU DHABI PUBLIC WORKS DEPARTMENT AND ABU DHABI MUNICIPALITY OVER CONTROL THIS LUCRATIVE PROJECT. PROJECT SUPERVISION WAS FINALLY GIVEN TO SPECIAL COMMITTEE UNDER SHAIKH SOROUR, DIRECTOR

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OF PRESIDENTIAL COURT, AND BECHTEL (U.S.) MADE CONSULTANTS. SINCE

THIS PROJECT SPECIAL FAVORITE OF SHAIKH ZAYID, UAE PRESIDENT, IT WAS HOPED THIS EXTRAORDINARY METHOD WOULD RESULT IN FASTER AND MORE EFFECTIVE PLANNING AND EXECUTION.

3. UNFORTUNATELY, THIS WAS NOT TO BE THE CASE. FOLLOWING CONSULTANTS RECOMMENDATION ANQSGOVERNMENT'S SIGNING CONTRACT, GERMAN COMPANY WAS REPORTEDLY UNABLE TO ARRANGE REQUIRED BANK GUARANTEES. TO THIS END THEY FORMED A JOINT VENTURE WITH TARIQ ABU SAMRA, A LEBANESE BUSINESSMAN, CALLED GREATER ABU DHABI HOMES LTD.

4. EVEN WITH THIS ADDED SUPPORT, COMPANY WAS STILL UNABLE TO MEET PRELIMINARY CONDITIONS OF ITS CONTRACT. AS A RESULT, CONSULTANTS WERE FORCED TO WITHDRAW THEIR ORIGINAL RECOMMENDATION IN FAVOR OF JANA BAU ON GROUNDS LACK OF TECHNICAL AND FINANCIAL CAPABILITY.

5. GOVERNMENT'S REACTION TO THIS CHANGE WAS TO FIRE THE CONSULTANTS; AS A RESULT, BECHTEL COMMERCIAL LAND AND BUILDING DIVISION LOST CONSULTANCY CONTRACTS ON TWO OTHER ABU DHABI PROJECTS AS JL: A MODULAR HOTEL AND THE CHAMBER OF COMMERCE BUILDING.

6. PROJECT'S STATUS NOW UNCLEAR TO SAY THE LEAST. LOCAL RUMORS SAY THAT A NEW CONSULTANT--EITHER ALEXANDER GIBB AND PARTNERS OR SIR WILLIAM HALCROW (BOTH U.K.)--WILL BE APPOINTED. IN THE MEANTIME, SEVERAL U.S. FIRMS HAVE APPEARED TRYING TO DETERMINE IF FIELD NOW OPEN FOR THEM. THESE FIRMS ARE:

(A) MODERN SYSTEMS, INC., P.O. BOX 6182, SANTA BARBARA, CALIFORNIA 93111

(B) COMSTOCK INTERNATIONAL, NEW YORK AND TORONTO. COMSTOCK WAS ONLY U.S. FIRM ON BECHTEL'S ORIGINAL SHORT LIST
(SEE PARA 4 REFTEL)

7. SO FAR THESE COMPANIES HAVE BEEN TOLD:

(A) THAT SHAIKH TAHNOUN, CHAIRMAN OF ABU DHABI MUNICIPALITIES AND AGRICULTURE DEPT., IS PERSON CONTROLLING PROJECT (BY SHAIKH LIMITED OFFICIAL USE

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SOROUR).

(B) THAT JAPANESE COMPANY UNDER CONSIDERATION (BY SHAIKH TAHNOUN).

(C) THAT NEW COMMITTEE UNDER NEW X CHAIRMAN BEING FORMED TO SUPERVISE THIS PROJECT (BY EVERYONE).

8. AS FAR AS WE KNOW, PROJECT HAS SUFFERED ONLY TEMPORARY SETBACK.
PRESS REPORTS SAY PROJECT HAS BEEN POSTPONED, NOT CANCELLED, AND
ABU DHABI'S DEVELOPMENT BUDGET FOR 1975 ALLOCATES DH 50 MILLION
OF PROJECT DH 300 MILLION TOTAL COST.

9. COMMENT: PREFABRICATED HOUSING MARKET SEEMS PARTICULARLY
DIFFICULT ONE IN THE UAE. MANY ARE CALLED YUT SO FAR FEW ARE
CHOSEN. SIZE OF THIS PROJECT AND UNCERTAINTIES ABOUT ITS
TECHNOLOGY BAKE IT VERY DIFFICULT ONE TO PLAN AND EXECUTE.
EMBASSY WILL ATTEMPT TO FOLLOW DEVELOPMENTS AND REPORT
ANYTHING SIGNIFICANT AFFECTING U.S. COMMERCIAL INTERESTS.
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